

FISCAL MEMORANDUM

SB 1379 – HB 1751

May 11, 2007

SUMMARY OF AMENDMENT (005452): Deletes the language of the original bill. Requires all earnings on funds within the Lottery for Education Account be used, subject to the provisions of the general appropriations act, solely to increase the number of Tennessee Student Assistance Awards.

FISCAL IMPACT OF ORIGINAL BILL:

MINIMAL

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures – Not Significant

Other Fiscal Impact – An amount estimated to exceed \$11,900,000 per year would no longer be expended for Lottery for Education scholarships and grants. Such funds would be used to increase the number of Tennessee Student Assistance Awards. In addition and under current law, funds within the Lottery for Education Account remain in the Lottery for Education Account if not expended. However, funds used for Tennessee Student Assistance Awards revert back to the General Fund if not expended.

Assumptions applied to amendment:

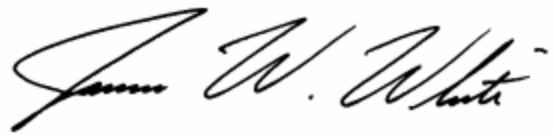
- All such earnings are used to supplement, not supplant, funds for Tennessee Student Assistance Awards to enable citizens of Tennessee to attend postsecondary educational institutions located within Tennessee.
- According to the Office of the State Treasurer and the Tennessee Student Assistance Corporation (TSAC), state expenditures are not expected to increase by more than an amount considered not significant.
- Currently, earnings attributable to investments made with Lottery for Education Account funds are credited back to the Lottery for Education Account.
- Lottery for Education Account funds do not revert to the General Fund.

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- According to the Office of the State Treasurer, the average balance of the Lottery for Education Account over the last 12 months has been approximately \$340.0 million.
- Investments of Lottery for Education Account funds are estimated to earn a minimum of 3.5% per year.
- Earnings resulting from investment of Lottery for Education Account funds are estimated to exceed \$11,900,000 per year (\$340.0 million X 3.5% minimum rate = \$11,900,000).
- An amount estimated to exceed \$11,900,000 per year would be used for TSAC awards instead of lottery scholarships and grants.
- According to TSAC, funding for TSAC grants and awards revert back to the General Fund when not expended. It is assumed that these funds or any portion thereof (if not expended) would revert to the General Fund.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc